



FOR IMMEDIATE RELEASE
Thursday, July 8, 2010

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12 INDICTED IN ARIZONA IN MORTGAGE FRAUD SCHEMES

Total of 43 people indicted by Arizona Mortgage Fraud Task Force since beginning of June

PHOENIX - In two separate cases indicted by the U.S. Attorney's Office recently, 12 more people – including loan officers, escrow agents, real estate agents, and an appraiser – have been charged with conspiracy, bank fraud, wire fraud, and money laundering charges from scams that occurred during the real estate boom preceding the collapse of the Valley housing market and a tidal wave of foreclosures

U.S. v. Alexander

Thomas Gregory Alexander, Paul Patrick Alexander and Bobbie Jo Johnson, all of Scottsdale, Ariz., Kara Elizabeth Shumway and Michael S. Mason, of Mesa Ariz., and Sandra M. Stevens, of Chandler, Ariz., and Michael Joseph Harris, of Phoenix, have made initial appearances in court on charges of Conspiracy, Wire Fraud, Money Laundering and False Statements.

According to the Indictment, Thomas Alexander was a loan originator for American Mortgage Specialists and owned and operated a company called Sea Rock, L.L.C.. The Indictment alleges that T. Alexander devised a loan origination scheme to obtain money by assisting third party borrowers to qualify for loans from Mesa Bank with loan documents that overstated or misrepresented the borrowers' income, assets and credit score.

The Indictment alleges that T. Alexander used either Sandra Stevens or Bobbi Jo Johnson, Capital Title Agency escrow agents, to handle the fraudulent loans he originated. The Indictment also alleges that either Stevens or Johnson created, and submitted to the bank, an escrow receipt which falsely reflected that the borrowers' down payment had been deposited into escrow and applied to the purchase. In most cases the borrowers' down payment was never been deposited into escrow. The Indictment also states that Kara Shumway and Paul Alexander, who worked for American Mortgage Funding as loan processors, assisted T. Alexander by creating loan documents which overstated or misrepresented the borrowers' income, assets and credit score. The Indictment indicates that T. Alexander used Michael Mason, who worked as a real estate appraiser under Mason Appraisal Services, to craft real estate appraisals which overvalued the real estate being purchased by the third-party borrower.

The defendants are facing a maximum of: 30 years of prison, a \$1,000,000.00 fine, or both, for each Wire Fraud or False Statement conviction; 10 years in prison, a \$250,000.00 fine, or both, for

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each Money Laundering conviction; and five years of prison, a \$250,000.00, or both, for a Conspiracy conviction.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by Special Agents of the Internal Revenue Service, Criminal Investigation. The prosecution is being handled by Raymond K. Woo and Jennifer Levinson, Assistant U.S. Attorneys, District of Arizona, Phoenix.

CASE NUMBER: CR-10-00797-PHX-MHM

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U.S. v. Solid Group

PHOENIX - The United States Attorney's Office in Arizona recently indicted Joseph Bowen Brown, Jason Thomas Williams, Benjamin Marcette Jackson, Kendall Price Schmitz and Matthew Brennan Chambers all who reside within the Phoenix metropolitan area on charges ranging from Conspiracy to Commit Wire Fraud, Wire Fraud, Money Laundering and Aiding and Abetting.

According to the indictment, Joseph Brown and Jason Williams were employed as real estate agents, and formed the Solid Group in 2006. Benjamin Jackson, Kendall Schmitz and Matthew Chambers were all employed as Loan Officers, with Paradise Capital, Home Run Loans and City Mortgage respectively.

The Indictment states the five individuals conspired to locate properties find straw buyers to purchase one or more of the properties and enable the straw buyers to qualify for loan amounts by falsifying financial or employment information and receive compensation for assisting with the acquisition and sale of the properties.

It is alleged that Brown and Williams found multiple properties for investors to purchase. The Indictment states these properties were often represented to the lenders to be owner occupied and not investment properties, and that these two individuals recruited straw buyers to purchase one or more investment properties that were overvalued by specific appraisers and loan officers that Brown and Williams would use to value the properties. Brown and Williams are alleged to have directed straw buyers to Schmitz, Chambers and Jackson, who allegedly determined how much income was required to qualify the buyer for the loan and then sent loan applications for each property to different lenders, so that no single lender was aware that the buyer was in the process of purchasing another home. The indictment also states, Brown and Williams facilitated the payment of a kick back to the straw buyer.

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The Indictment states that at least 36 property transactions were involved in the scheme, the majority in Gilbert, Arizona and that the proceeds or commissions earned by the individuals involved in the scheme approximated \$ 2,452,129.

Each conviction for Wire Fraud or Conspiracy carries a maximum penalty of 30 years in prison, a \$1 million fine or both. Each conviction for Money Laundering or Conspiracy to Commit Money Laundering carries a maximum penalty of 10 years in prison, a fine or both.

The investigation preceding the indictment was conducted by Special Agents of the Internal Revenue Service, Criminal Investigation. The prosecution is being handled by Kevin Rapp, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-10-00825-PHX-ROS

RELEASE NUMBER: 2010-146(Stolen Dreams2)

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